



June 4, 2019

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Los Angeles County Development Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors/Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

2-D June 4, 2019

CELIA ZAVALA
EXECUTIVE OFFICER

**FISCAL YEAR 2019-2020 BUDGET OF THE LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

The Fiscal Year (FY) 2019-2020 recommended Budget of the Los Angeles County Development Authority (LACDA) totals \$648,615,000, an increase of \$92,885,900 or 17% over the final approved FY 2018-2019 combined budgets of the Community Development Commission (CDC) and Housing Authority of the County of Los Angeles (HACoLA), which totaled \$555,729,100. On April 16, 2019, the Board of Supervisors adopted an ordinance to merge CDC and HACoLA, under the new name of the LACDA.

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Authorize the Director of the Department of Consumer and Business Affairs to execute or amend a Funding Agreement with the LACDA to transfer \$60,000 for Rent Stabilization administrative costs.



lacda.org

700 West Main Street, Alhambra, CA 91801
Tel: (626) 262-4511 TDD: (626) 943-3898

Executive Director: Monique King-Viehland
Commissioners: Hilda L. Solis, Mark Ridley-Thomas, Sheila Kuehl, Janice Hahn, Kathryn Barger



IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Find that the approval of the LACDA's FY 2019-2020 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.
2. Adopt and instruct the Chair to sign a Resolution (Attachment A) approving the \$648,615,000 FY 2019-2020 Budget.
3. Instruct the Executive Director, or her designee, to implement the LACDA's FY 2019-2020 Budget and take all related actions for this purpose, including execution of all required documents.
4. Authorize the Executive Director, or her designee, to execute or amend a Funding Agreement with the County of Los Angeles (County) and all required documents necessary to accept \$102,000 in Centro Estrella Rent funds, \$700,000 in South Whittier Resource Center funds, \$475,000 for the Cooperative Extension Program, \$1,007,000 for the Community Policing Program, \$425,000 for South County Family Sites, \$216,000 for Homeless Coordinator, \$14,189,000 for Measure H Strategy B4, \$60,000,000 for affordable housing, \$60,000 for Rent Stabilization administrative costs, \$15,000 for extension of the Interim Ordinance to Temporarily Limit Rent Increases, and \$2,400,000 for economic development initiatives.
5. Authorize the Executive Director, or her designee, to execute or amend a Memorandum of Understanding (MOU) with the County and all required documents necessary to accept \$566,318 for the Juvenile Justice Crime Prevention Act (JJCPA).
6. Adopt and instruct the Chair to sign a Resolution (Attachment B) approving the Cost Allocation Plan (CAP) which outlines the methodology for charging internal service costs to the program divisions. The CAP was derived with the input from MGT of America Consulting and a previous KPMG study, and provided the most accurate and efficient method for allocating the internal services costs.
7. Adopt and instruct the Chair to sign the Transmittal Resolution (Attachment C) certifying submission of the LACDA's FY 2019-2020 Budget, by your Board, to the United States Department of Housing and Urban Development (HUD).
8. Authorize the Executive Director, or her designee, to apply for grants in the amount of up to \$5,000,000 per grant.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to establish new FY appropriation authority for LACDA for operations and activities.

The FY 2019-2020 recommended Budget of the LACDA totals \$648,615,000, an increase of 17% over the final approved FY 2018-2019 combined budgets of the CDC and HACoLA. The increase is primarily attributed to allocations for federal rental assistance programs, Measure H funds for Homeless Initiative Strategy B4, and continuation of the Magic Johnson Park construction project. The increase is also due to additional County funds for the Affordable Housing Trust fund and the State allocation of No Place Like Home funds. These increases are slightly offset by a decrease in Capital Funds for Housing Operations, due to the completion of several rehabilitation projects.

The LACDA's fiscal health continues to improve as we enter FY 2019-2020. Although there are still challenges, we continue to develop innovative and efficient methods of managing our available resources. As always, we strive to improve the level of service we provide to the residents and businesses we serve on a daily basis by embodying our mission of "Building Better Lives and Better Neighborhoods".

The recommended actions would also delegate authority to the Executive Director to apply for grant funds in the amount of up to \$5,000,000 per grant. The LACDA has procured a consultant for grant writing and research, in order to identify additional funding sources to supplement the services that the LACDA currently provides to our residents and clients. The LACDA would return to the Board to accept any grant funds awarded and to execute any necessary documents.

FISCAL IMPACT/FINANCING

The FY 2019-2020 Budget includes \$146.7 million in County funds, which represents an increase of \$34.6 million from FY 2018-2019. Of the \$146.7 million, \$64.2 million is related to various capital projects in the First, Second, Fourth and Fifth Supervisorial Districts; \$26.4 million comes from the Department of Mental Health's (DMH) funding for development of permanent supportive housing through the Notice of Funding Availability (NOFA) funding process; \$19.4 million in support of permanent financing of affordable and homeless-special needs housing; \$18.7 million supports multiple homeless initiative strategies approved through Measure H funding; \$5.2 million will provide for county economic development initiatives; \$3.6 million will be used to implement the County of Los Angeles Lead-Based Paint Mitigation programs in incorporated and unincorporated Los Angeles; \$1.0 million for crime and safety at the public housing sites. The remaining County funds will support housing preservation, University of California Cooperative Extension program and other countywide initiatives.

Funding for the recommended funding agreements will be incorporated into the FY 2019-2020 recommended budget.

BUDGET OVERVIEW:

The total FY 2019-2020 budget of \$648,615,000 consists primarily of federal funding provided by HUD for housing and community development programs. Over half of the budget is in support of the Housing Choice Voucher (HCV) program for low-income families, seniors, disabled and veterans. Local revenue sources include County funds, public housing rental income, and other grants received in support of housing.

The LACDA will operate with a \$419.6 million budget to provide affordable rental housing for low-income families and elderly persons by using over 27,000 Housing Choice Vouchers/Certificates and 3,229 Public and Affordable Housing Units. The Housing Assistance is budgeted at \$372.8 million, and will be used to administer rental subsidies for eligible individuals and families, seniors, veterans, and persons with disabilities living in the unincorporated area of Los Angeles County and 62 participating cities. With federal funds received from HUD, rental payments are made directly to private landlords for participants in the following programs: HCV, Veterans Affairs Supportive Housing, Shelter Plus Care/Continuum of Care, Moderate Rehabilitation, and Housing Opportunities for Persons with Aids.

The Public Housing Program funding is budgeted at \$33.3 million, and is comprised primarily of \$13.7 million in rent revenues, \$8.7 million in operating subsidies, \$2.9 million in housing assistance, and \$1.9 million in state or county funds. These funds are used to manage and maintain 3,229 public and affordable housing units. The Housing Operations Division also manages the Capital Fund Program, which funding is budgeted at \$13.5 million and scheduled to be used for new construction and carryover projects throughout Los Angeles County to rehabilitate housing units and perform site improvements. The Capital Fund Program will consist mainly of \$8.4 million in capital fund grant along with \$2.9 million in the Community Development Block Grant (CDBG).

The FY 2019-2020 CDBG Program is budgeted at \$30.6 million, which includes funds for the LACDA, five supervisorial districts, 48 participating cities, seven County departments, 26 community-based organizations, and other public agencies.

State and County funds are budgeted at \$176.2 million. The majority of these funds are comprised of County General funds. \$52.7 million is related to various capital projects in the Second Supervisorial District. \$9.7 million in various projects in the Fourth Supervisorial District. \$21.5 million is in support of homeless Measure H funding. \$26.4 million is for permanent supportive housing for homeless or chronically homeless individuals with a mental illness and their families, \$20.6 million in No Place Like Home, \$19.4 million in Affordable Housing Funds, \$1.1 million in Affordable Housing Preservation, \$0.7 million is budgeted for the South Whittier Community Resource Center for continued operational expenditures. \$3.6 million in Lead Based Paint Mitigation, \$2.5 million for Community Business Revitalization, \$1.8 million into Commercial lending that helps small businesses retain jobs by providing capital. \$0.8 million into Homeless

Programs, \$1.7 million for County Economic Development Catalytic Program, \$2.7 million in Traffic Violators School program. \$3.0 million in State Emergency Solutions Grant that are used for street outreach, emergency shelter, homelessness prevention, rapid re-housing, and HMIS. The remaining dollars are used in support for various other State and County initiatives.

The Residential Sound Insulation Program provides grants to eligible property owners to sound insulate residential homes and rental units from noise caused by aircraft arriving and departing the Los Angeles International Airport. The total budgeted for this program is \$11.2 million.

The LACDA budget includes 590 Full Time Equivalent (FTE) positions, with 583 regular and 7 contract positions. There was a net increase of 10 FTE from FY 2018-2019.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 16, 2019, the Board of Supervisors adopted an ordinance to merge CDC and HACoLA, under the new name of the LACDA. The merger took effect on May 16, 2019. The LACDA assumed all of HACoLA's rights, powers, duties and responsibilities, and any existing HACoLA contracts and claims were assigned to the LACDA.

In January 2001, CDC and HACoLA, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a Capital Budget. FY 2019-2020 marks the 18th year that the LACDA will submit a Capital Budget that details ongoing and future projects. The FY 2019-2020 operating budget includes \$8.8 million in capital fund grant for 14 projects.

On May 28, 2019, the Board of Supervisors approved the FY 2019-2020 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and Emergency Solutions Grant funding by the LACDA, County departments, participating cities, community-based organizations, and other public agencies. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved as part of the Action Plan are reflected in the proposed FY Budget.

Adoption of the attached Resolution approving the FY 2019-2020 Budget is necessary to establish new fiscal year appropriation authorities for the LACDA, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing, issued September 2, 1994. HUD Form 52574 must also be approved by the Board of Commissioners to certify LACDA's operating budget. This letter also recommends authority for the Executive Director, or her designee, to execute any other documents for implementation of the budget, such as financial reports, audit requests and related documents required by HUD or any other governing bodies.

County Counsel has approved the attached Resolutions as to form. On April 24, 2019, the Housing Commission of the Housing Authority, prior to the merger with CDC, recommended approval of the LACDA's FY 2019-2020 Budget and related actions.

In June 2018, MGT of America Consulting, LLC (MGT) was retained to review the current Cost Allocation Plan that was developed by KPMG in 2002 and provided recommendation to both the Internal Service Allocation (ISD) and the Administrative Service Allocation. The result of this full CAP completed by MGT shows no significant difference from the one completed by KPMG. This affirms that our allocation methodology is still sound.

ENVIRONMENTAL DOCUMENTATION

Approval of LACDA's FY 2019-2020 Budget is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the FY 2019-2020 Budget will enable the LACDA to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Monique King-Viehlend", is written over the printed name and title.

MONIQUE KING-VIEHLAND
Executive Director

MKV:SLA

Enclosures

ATTACHMENT A

RESOLUTION APPROVING THE FISCAL YEAR 2019-2020 BUDGET OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

WHEREAS, the Board of Commissioners of the Los Angeles County Development Authority has received the Budget for Fiscal Year 2019-2020 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low-and very-low income families.
2. That the budget is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Part 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of the Los Angeles County Development Authority to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Los Angeles County Development Authority hereby resolves as follows:

1. The above recitals are true and correct.
2. The Los Angeles County Development Authority adopts the following budgeted revenues and appropriations for Fiscal Year 2019-2020, as set forth in the Annual Budget for the Los Angeles County Development Authority:

Estimated Funding

\$648,615,000

Expenditure and Reserve Appropriations:

\$648,615,000

3. That the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority on this 4th day of JUNE, 2019.

ATTEST:

CELIA ZAVALA
Executive Officer-Clerk of the
Board of Commissioners

JANICE HAHN
Chair, Board of Commissioners

By: Lachelle Smithman
Deputy

By: Janice Hahn

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Bethany Dushkova
Deputy



ATTACHMENT B

RESOLUTION APPROVING THE FISCAL YEAR 2019-2020
COST ALLOCATION PLAN OF THE LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY

WHEREAS, the Board of Commissioners of the Los Angeles County Development Authority has received the Cost Allocation Plan for Fiscal Year 2019-2020 and has found:

1. That the proposed cost allocation plan is a reasonable and supportable methodology of allocating centralized administration costs to housing and/or development programs.
2. That the proposed cost allocation plan will be consistent with cost principles set forth in the Office of Management & Budget (OMB) Super Circular, previously Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and other generally applied cost allocation methods.

WHEREAS, it is necessary for the Board of Commissioners of the Los Angeles County Development Authority to adopt a cost allocation plan.

NOW, THEREFORE, the Board of Commissioners of Los Angeles County Development Authority, hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following cost allocation plan.
3. The U.S. Department of Housing and Urban Development (HUD) requires that a cost allocation plan be formally adopted by the governing body.
4. This resolution shall take effect immediately following Board approval and will be effective until a major change is made in the methodology, whereas the new cost allocation plan will be submitted for approval by the governing body.

APPROVED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority on the 4th day of JUNE, 2019.

ATTEST:

CELIA ZAVALA
Executive Officer-Clerk of the
Board of Commissioners

By: Rochelle Smithman
Deputy

JANICE HAHN
Chair, Board of Commissioners

By: Janice Hahn

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Bethany Tashakman
Deputy



PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of The County of Los Angeles PHA Code: CA002

PHA Fiscal Year Beginning: July 1, 2019

Board Resolution Number: 78961

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

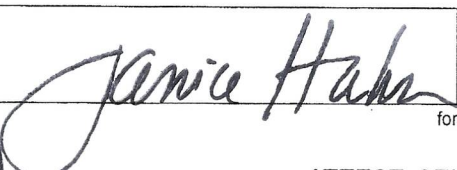
- ☒ Operating Budget approved by Board resolution on: 06/04/2019
- ☐ Operating Budget submitted to HUD, if applicable, on: _____
- ☐ Operating Budget revision approved by Board resolution on: _____
- ☐ Operating Budget revision submitted to HUD, if applicable, on: _____

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).


I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name:	Signature:	Date:
Janice Hahn		06/04/2019
Previous editions are obsolete		



form HUD-52574 (04/2013)

ATTEST: CELIA ZAVALA
EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS
By , Deputy